



FACT SHEET

U.S.-Colombia Trade Promotion Agreement Michigan Farmers Will Benefit

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Michigan's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Michigan's farm prices and income. Such exports support about 12,788 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$1.2 billion and made an important contribution to Michigan's farm cash receipts in 2007 that totaled \$5.7 billion.

Dairy. U.S. dairy exports to Colombia surpassed \$6.6 million in 2007, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers. Michigan dairy producers generate the state's leading source of farm cash receipts.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the World Trade Organization (WTO) ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Both Colombia and the United States will establish duty-free TRQs for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

Soybeans and Products. In 2007, the United States exported \$175 million of soybeans and soybean products to Colombia. As the state's largest agricultural export with \$541 million in cash receipts, Michigan's soybean producers will benefit from the CTPA.

- U.S. soybean producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 150 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate duties, currently ranging from 5–20 percent on soybeans, soybean meal and soybean flour.
- Colombia will eliminate duties within 5 years on crude soybean oil (currently 20 percent; 75 percent allowed by the WTO).
- Colombia will provide duty-free access for crude soybean oil by establishing a 31,200-ton duty-free tariff rate quota (TRQ) that will grow 4 percent, compounded annually. Colombia will phase out the 24-percent over-quota tariff over 10 years.
- *The American Soybean Association, the National Oilseed Processors Association, the American Feed Industry Association, and the Pet Food Institute publicly support the CTPA.*

Corn. In 2007, the United States exported \$500 million of yellow corn and \$16 million of white corn to Colombia. Michigan feed grains are the state's second largest export, while corn and feed grains producers generate the second largest source of cash receipts in the state.

- Under the CTPA, Colombia will immediately eliminate its system of variable levies (price band system) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 195 percent on some corn products.
- Colombia will provide immediate duty-free access for yellow corn by establishing a 2.1-million-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for white corn by establishing a 136,500-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for animal feeds by establishing a 194,250-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- All currently applied duties on all other corn products will be phased out within 10 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the North American Export Grain Association, the North American Millers' Association, the American Feed Industry Association, and the Pet Food Institute publicly support the CTPA.*

Vegetables, Including Potatoes and Dried Peas, Lentils and Beans. In 2007, the United States exported \$3.5 million of dry peas, beans, and lentils and \$1.6 million of potatoes to Colombia. Michigan is the nation's ninth largest agricultural exporter of vegetables, with more than \$106 million in exports. Cash receipts for dried peas, lentils and dried beans bring in about \$89 million. Potato producers generate about \$101 million in cash receipts.

- U.S. exporters currently face duties between 5–60 percent, and the WTO permits duties as high as 178 percent.
- Michigan producers will benefit from immediate duty-free access for peas and lentils. Michigan exporters will also benefit from immediate duty-free access for dried beans under a 15,750-ton TRQ that will grow 5 percent, compounded annually. The 60-percent over-quota tariff will be phased out over 10 years.
- Colombia will immediately eliminate all duties on potatoes and potato products, including frozen French fries, potato flakes and potato chips.
- *The USA Dry Pea and Lentil Council, National Potato Council, American Frozen Food Institute, and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. Michigan’s ranchers and beef industry generate more than \$343 million in cash receipts.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen’s Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

Fruits. In 2007, the United States exported \$15.2 million of fruits and tree nuts to Colombia. As the nation’s fifth largest exporter, Michigan’s fruit producers and processors will benefit from the CTPA. Farm cash receipts from apple and cherry producers totaled \$193 million, while blueberry producers generated \$165 million in cash receipts.

- Current duties on fruit and preparations are 15–20 percent in Colombia, and under WTO rules, could rise to 140 percent.
- Colombia will immediately eliminate duties on apples and cherries.
- Colombia will immediately eliminate duties on fresh and frozen blueberries.
- *The U.S. Apple Association and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*